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PRESENTED BY:

KEN K. HIRA
EXECUTIVE VICE PRESIDENT
KHIRA@KOSMONT.COM

ECONOMIC DEVELOPMENT 2018:
SUSTAINABILITY AND HOUSING DISTRICTS
• **What is the State After?**
  ➢ Sustainability and Housing

• Housing as Economic Development

• California's New Sustainability and Housing Tax Increment “TIF” Districts

• Implementation of TIF Districts
NEW STATE MANDATES TO ACHIEVE A GREENER ECONOMY

State Mandates / Targets | Mandates on Private & Public Sectors

- Climate Action
- Housing Supply/Affordability
- Sustainability & Housing Districts
- Poverty Reduction

Climate Action Plans (CAPs): Pathway to meet AB32/SB32 goals; May allow for streamlined CEQA review

Zero Net Energy for residential and commercial buildings

Clean Air Mandates targets Zero-Emissions Vehicles

Mandates on housing affordability and affordable housing production
CA IS PURSUING SUSTAINABILITY... A PATHWAY TO “GREEN”

The Economist Livability Index:
- stability, health care, culture and environment,
- education, infrastructure

What does sustainability look like?
- Meet State Climate Action goals
- Healthy (and happy!) population
- Attract “green” investments
- Ability to provide services
- Stable and diverse tax base
- Fiscally responsible governance
- Updated infrastructure
- Zero Net Energy (ZNE) Buildings
- Managing resources for future generations
THE NEW ECONOMIC DEVELOPMENT PARADIGM - BUILDING A SUSTAINABLE COMMUNITY

State Priority: Economic Development helps cities meet climate action targets
- Attract businesses and new development that fulfill your City’s Climate Action Plan strategies - clean tech, telecommuting, blended use
- Neighborhood Oriented Development (NOD); urban and suburban clusters near transit
- Require business to invest in sustainability (higher density, fewer trips, Title 24, electric vehicles)

City Priority: Economic Development attracts private investment for jobs and taxes
- Zoning policies may focus on placemaking, housing, and blended use
- Address retail changes AND sustainability at the same time
- Retail being replaced by “Creating a Place”
- Retail meets industrial = REINDSTRIAL

Human Priority: Housing is where jobs sleep at night
- New legislation provides tools, streamlining, and funding for affordable/workforce housing
- Use of Tax Increment can provide funding and accelerate compliance

APPROACH to Economic Development is to address climate action, housing, jobs, and taxes
Presenting Outline

- What is the State After?
  - Sustainability and Housing

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Between 2007 and 2016:

- ~5 million people came to CA – primarily from NY, IL, NJ, and MI
- ~6 million people left CA – going to TX, AZ, NV, and OR
- CA residents seeking states with home values at $200-300K (average price in CA > $500K)
- Californians moving to states with low or no income tax
  - Texas is a fast growing state (867,000 new; 2010 to 2016)

Statewide Gentrification?

- CA has net gain in high earners (Income of over $110K) and highly educated (graduate degrees)
- CA is becoming wealthier, more economically stratified, and less affordable – tough on middle-class residents
  - Families with children and earning less are moving away
- CA will add ~636,500 jobs through 2019
  - Much of job growth is in low-paying fields such as retail sales and food services

### Top 5 Occupations (California)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Avg. Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Prep and Serving Workers</td>
<td>$24,770</td>
</tr>
<tr>
<td>Cashiers</td>
<td>$26,110</td>
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<tr>
<td>Personal Care Aides</td>
<td>$26,220</td>
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<tr>
<td>Retail Salespersons</td>
<td>$30,280</td>
</tr>
<tr>
<td>Laborers</td>
<td>$30,910</td>
</tr>
</tbody>
</table>

Governor Brown taketh RDAs... and giveth Sustainability & Housing Districts

- **Enhanced Infrastructure Financing Districts (EIFDs)**
  - Infrastructure and public/private transactions

- **Community Revitalization and Investment Authorities (CRIAs)**
  - Similar to EIFDs w/eligibility standards & focus on affordable housing

- **New approved Housing Districts include:**
  - Workforce Housing Opportunity Zones (WHOZ) - CEQA Streamlining
  - Affordable Housing Authorities (AHA) - TIF
  - Housing Sustainability Districts (HSD) - TIF
  - Neighborhood Infill Finance and Transit Improvements Act (NIFTI) - TIF

- EIFDs, CRIAs, AHAs and NIFTIs use tax increment financing (TIF Districts)

- All Districts eligible for state funding for climate action/transportation

- City of La Verne is LA County’s first EIFD (Oct. 2017) for TOD/Blended Use
PRESENTATION OUTLINE

• What is the State After?
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UTILIZE SUSTAINABILITY & HOUSING “TIF” DISTRICTS FOR PUBLIC/PRIVATE PROJECTS

Enhanced Infrastructure Financing Districts (EIFD)

Community Revitalization & Inv. Authority (CRIA)

Enhanced Infrastructure Financing Districts (EIFD)
- Tax increment from participating agencies used to fund local / regional infrastructure and housing
- No blight test needed
- Sales tax increment eligible via Neighborhood Infill Finance and Transit Improvements (NIFTI) Act

Affordable Housing Authorities (AHA)
- AB 1598 (2017)
- Tax increment for affordable and workforce housing

Tax Increment Financing

• Community Revitalization Investment Authority (CRIA)
  - AB 2 (2015), AB 2492 (2016)
  - Restores RDA authorities to disadvantaged communities
  - Income, crime, unemployment, disadvantaged status tests

• Enhanced Infrastructure Financing District (EIFD)
  - Tax increment from participating agencies used to fund local / regional infrastructure and housing
  - No blight test needed
  - Sales tax increment eligible via Neighborhood Infill Finance and Transit Improvements (NIFTI) Act

• Affordable Housing Authority (AHA)
  - AB 1598 (2017)
  - Tax increment for affordable and workforce housing
ENHANCED INFRASTRUCTURE FINANCING DISTRICTS (EIFDs)

- Initiated by a City or County; created by adoption of a resolution by a Public Financing Authority. Two types;
  - A single member EIFD consisting only of the city/county that initiates its creation
  - A multimember EIFD with one or more taxing entities

- EIFD’s PFA implements an Infrastructure Financing Plan (IFP), similar to Capital Improvement Plan

- Enables tax increment financing for local/regional infrastructure projects (purchase, construction, expansion, improvement, seismic retrofit, rehabilitation), for property w/ useful life of 15+ years & of communitywide significance

- District lifespan is 45 years to collect and spend property tax increment.

- Sub-districts do not have to be contiguous

- **No public vote** required to create District

- Does not increase property taxes

- EIFDs can be used to fund affordable housing. EIFDs can fund facilities outside district with tangible connection
EIFDS: USE DIVERSE FUNDING SOURCES

• Can use multiple funding sources with tax increment

  • Federal and state sources:
    • Proposition 1 bond funds
    • Cap-and-Trade proceeds
    • HCD grant / loan programs
    • Federal DOT / EPA / EDA funding programs

  • Other Potential Funding Sources:
    • Property tax revenue including RPTTF
    • Vehicle license fee (VLF) prop. tax backfill increment
    • Development agreement / impact fees
    • City / county / special district loans
    • Benefit assessments (e.g. contribution from CFD)
    • Private investment
    • Sales Tax with NIFTI via EIFD
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WHY USE “TIF” DISTRICTS?

- Leverages the value of private investment which can be used to support projects that generate the new tax increment
- Use districts to implement housing and climate action goals
- No new taxes, only tax increment for new projects
- **No voter approval** – only needed for financing
- Reduce political risk of future Councils
- Long-term, committed revenues support investor confidence
- **Ability to leverage other revenues** – sales tax, property tax, VLF, ground lease, development impact fees, CFD loans or contributions
- Ability to **attract additional funds** – State/regional parks / housing bonds, cap and trade, Measure M
- Certain districts do not need to be contiguous
- **Certain districts can be approved for 45+ years**
SUSTAINABILITY & HOUSING DISTRICTS: 
WHAT CAN THEY FUND?

- Industrial Structures
- Aff./Workforce Housing/Blended Use
- Transit Priority/RTP/SCS Projects
- Wastewater/Groundwater
- Light / High Speed Rail
- Civic Infrastructure
- Parks & Open Space
- Childcare Facilities
- Brownfield Remediation

Source: SB 628/AB 2 - Bill Text
SUSTAINABILITY & HOUSING DISTRICTS:
WHERE ARE THEY BEING DONE?

Red markers are EIFDs/CRIAs under evaluation

West Sacramento EIFD (approved)

La Verne TOD EIFD (approved)

San Diego Otay Mesa EIFD (approved)

Three Districts Approved (EIFDs)
15-20 Districts in progress
CITY OF LA VERNE: L.A. COUNTY’S FIRST EIFD!

- Activated Oct 26th, 2017
- City of La Verne is lead
- TOD, Sustainability, Mixed Use District (~110 acres)
- Induce private development at future gold line station
- Mixed-use housing, potential hotel, retail / event space
- Station area improvements, circulation, sustainability for commercial/industrial bldgs.
THANK YOU – ANY QUESTIONS?